

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Unit Name Lakeview Cemetery Board	County Emmet
Fiscal Year End December 31, 2006	Opinion Date February 19, 2007	Date Audit Report Submitted to State May 10, 2007	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

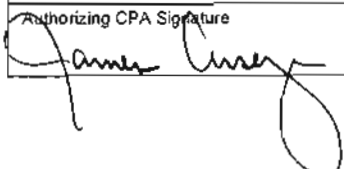
We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES NO Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input type="checkbox"/>	NCN- Noting significant improvements from prior year	
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Hill Schroderus & Co., LLP		Telephone Number 231-347-4136	
Street Address 923 Spring St PO Box 695		City Petoskey	State MI
Zip 49770			
Authorizing CPA Signature 		Printed Name James Cusenza	
		License Number 1101012888	

FINANCIAL REPORT  
LAKEVIEW CEMETERY BOARD  
EMMET COUNTY, MICHIGAN  
December 31, 2006

LAKEVIEW CEMETERY BOARD  
FINANCIAL REPORT  
December 31, 2006

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**Hill • Schroderus & Co., LLP**

Certified Public Accountants & Consultants

February 19, 2007

Independent Auditors' Report

Board Members  
Lakeview Cemetery Board  
Harbor Springs, Michigan

We have audited the accompanying financial statements of the governmental activities and the major fund of Lakeview Cemetery Board (the Cemetery), Harbor Springs, Michigan as of and for the year ended December 31, 2006, which collectively comprise the Cemetery's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Cemetery's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the Lakeview Cemetery Board as of December 31, 2006 and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

*Hill Schroderus & Co.,*

CERTIFIED PUBLIC ACCOUNTANTS  
Petoskey, Michigan

## **Management's Discussion and Analysis**

### **Overview of the Basic Financial Statements**

Lakeview Cemetery Board's basic financial statements include three financial statements and notes to the financial statements. This report also contains required and other supplemental information in addition to the basic financial statements.

Under GASB statement No. 34, the Cemetery is considered to be a special purpose governmental unit due to engaging in only one type of activity. Therefore, the statement of net assets is combined with the balance sheet and the statement of activities is combined with the statement of revenues, expenditures and change in fund balance statement. The statement of revenues, expenditures, and changes in fund balance – budget to actual was prepared on the modified accrual basis.

### **Government-wide Financial Columns**

The government-wide columns (Statement of Net Assets and Statement of Activities) are designed to provide readers with a broad overview of the Cemetery's finances, in a manner similar to a private-sector business.

The Statement of Net Assets displays all of the Cemetery's assets and liabilities, with the difference reported as net assets. All long-term assets and debt obligations are presented.

The Statement of Activities focuses on the gross and net cost of the Cemetery's operations.

### **Fund Financial Columns**

The focus of the fund financial columns is on the sources and uses of funds during the current year.

The Cemetery maintains one individual governmental fund. Information is presented in the governmental fund balance sheet column and the governmental fund statement of revenues, expenditures and changes in fund balances column.

### **Notes to the Financial Statements**

The notes provide additional information, which is essential to a full understanding of the data provided in the financial statements.

## Government-wide Financial Analysis

The table below summarizes the Cemetery's net assets as of December 31, 2006:

**LAKEVIEW CEMETERY BOARD**  
**Statement of Net Assets**  
**December 31, 2006 and 2005**

	<u>2006</u>	<u>2005</u>
<b>Assets</b>		
Current and other assets	\$ 209,173	\$ 191,772
Capital assets - net of accum dep	<u>123,893</u>	<u>129,002</u>
Total assets	<u>333,066</u>	<u>320,774</u>
<b>Liabilities</b>		
Current liabilities	<u>112,626</u>	<u>108,259</u>
<b>Net Assets</b>		
Investment in capital assets	123,893	129,002
Unrestricted	<u>96,547</u>	<u>83,513</u>
Total net assets	<u>\$ 220,440</u>	<u>\$ 212,515</u>

At the end of the fiscal year, the Cemetery is able to report positive balances in both categories of net assets. The first portion of the Cemetery's net assets is its investment in capital assets. The Cemetery uses these capital assets in providing its services; consequently, these assets are not available for future spending.

The remaining portion of net assets, unrestricted net assets, may be used at the Cemetery's discretion to meet ongoing obligations.

The results for the Cemetery as a whole are reported in the Statement of Activities, which is summarized below:

**LAKEVIEW CEMETERY BOARD**  
**Statement of Activities**  
**For the Years Ended December 31, 2006 and 2005**

	<u>2006</u>	<u>2005</u>
<b>Revenue</b>		
Program revenue:		
Sale of Lots	\$ 17,600	\$ 21,963
Grave openings	11,550	13,350
General revenue:		
Property taxes	104,755	112,782
Interest	<u>1,647</u>	<u>1,411</u>
Total revenues	<u>135,552</u>	<u>149,506</u>
<b>Function Expenses</b>		
Cemetery operations	<u>127,627</u>	<u>131,771</u>
<b>Change in net assets</b>	7,925	17,735
<b>Net assets - beginning of year</b>	<u>212,515</u>	<u>194,780</u>
<b>Net assets - end of year</b>	<u><u>\$ 220,440</u></u>	<u><u>\$ 212,515</u></u>

As reported above, the Cemetery recorded \$127,627 of expenses. The majority of the Cemetery's activities were funded with property taxes of \$104,755.

**Fund Financial Analysis**

As of year-end, the governmental fund reported a fund balance of \$96,547, which is \$13,034 more than the beginning of the year.

**General Fund Budgetary Highlights**

Final revenues were higher than final budgeted amounts by \$12,752. This was primarily due to more lot sales and grave openings than expected.

Final expenditures were lower than final budgeted amounts by \$15,379. This was primarily the result of budgeting more for equipment and payroll than what was spent.

## Capital Assets

At December 31, 2006, the Cemetery had \$123,893 invested in capital assets. The following table summarizes the capital asset activity for the year:

### LAKEVIEW CEMETERY BOARD Year Ended December 31, 2006

	<u>Jan. 1, 2006</u>	<u>Additions</u>	<u>Disposals</u>	<u>Dec. 31, 2006</u>
Capital assets not being depreciated:				
Land	<u>\$ 28,111</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,111</u>
Capital assets being depreciated:				
Buildings	47,718	-	-	47,718
Site improvements	83,961	-	-	83,961
Equipment	<u>76,978</u>	<u>12,037</u>	<u>-</u>	<u>89,015</u>
Subtotal	<u>208,657</u>	<u>12,037</u>	<u>-</u>	<u>220,694</u>
Less accumulated depreciation:				
Buildings	14,393	1,317	-	15,710
Site improvements	38,740	5,583	-	44,323
Equipment	<u>54,633</u>	<u>10,246</u>	<u>-</u>	<u>64,879</u>
Subtotal	<u>107,766</u>	<u>17,146</u>	<u>-</u>	<u>124,912</u>
Net capital assets being depreciated	<u>100,891</u>	<u>(5,109)</u>	<u>-</u>	<u>95,782</u>
Governmental activities net capital assets	<u>\$ 129,002</u>	<u>\$ (5,109)</u>	<u>\$ -</u>	<u>\$ 123,893</u>

## Economic Factors

The Cemetery is primarily funded by property taxes, which have provided a reliable funding base. Operating expenditures/expenses have also been relatively stable. There are no significant changes expected in the near future.

## Financial Contact

The Cemetery's financial statements are designed to present users with a general overview of the Cemetery's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be directed towards the Cemetery's office.



LAKEVIEW CEMETERY BOARD  
GOVERNMENTAL FUND BALANCE SHEET/STATEMENT OF NET ASSETS  
December 31, 2006

	General Fund Modified Accrual Basis	Adjustments	Statement of Net Assets
<u>Assets</u>			
Cash	\$ 107,262	\$ -	\$ 107,262
Taxes receivable	101,911	-	101,911
Capital assets, net of accumulated depreciation	<u>-</u>	<u>123,893</u>	<u>123,893</u>
Total assets	<u>\$ 209,173</u>	<u>\$ 123,893</u>	<u>\$ 333,066</u>
<u>Liabilities</u>			
Accrued expenditures/expenses	\$ 3,036	\$ -	\$ 3,036
Deferred property tax revenue	<u>109,590</u>	<u>-</u>	<u>109,590</u>
Total liabilities	<u>112,626</u>	<u>-</u>	<u>112,626</u>
<u>Fund Balance/Net Assets</u>			
Fund balance - unreserved	<u>96,547</u>	<u>(96,547)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 209,173</u>		
Net assets			
Invested in capital assets		123,893	123,893
Unrestricted		<u>96,547</u>	<u>96,547</u>
Total net assets		<u>\$ 220,440</u>	<u>\$ 220,440</u>

**LAKEVIEW CEMETERY BOARD**  
**Statement of Governmental Fund Revenue, Expenditures, and Changes in Fund Balance**  
**Statement of Activities**  
**For the Year Ended December 31, 2006**

	General Fund Modified Accrual Basis	Adjustments	Statement of Activities
<b>Expenditures/expenses:</b>			
Operations:			
Wages	\$ 57,215	\$ -	\$ 57,215
Employee health insurance	15,706	-	15,706
Payroll taxes	4,571	-	4,571
Legal and accounting	4,519	-	4,519
Parts and supplies	6,099	-	6,099
Utilities	6,800	-	6,800
Purchased services	5,998	-	5,998
Insurance	8,271	-	8,271
Repairs & Maintenance	986	-	986
Miscellaneous	316	-	316
Capital outlay - equipment	12,037	(12,037)	-
	<u>122,518</u>	<u>(12,037)</u>	<u>110,481</u>
Total operating expenditures/expenses	122,518	(12,037)	110,481
Non-operating:			
Depreciation expense	-	17,146	17,146
	<u>-</u>	<u>17,146</u>	<u>17,146</u>
Total expenditures/expenses	122,518	5,109	127,627
<b>Program revenues:</b>			
Sale of lots	17,600	-	17,600
Grave openings	11,550	-	11,550
	<u>29,150</u>	<u>-</u>	<u>29,150</u>
Total program revenues	29,150	-	29,150
Net program expense			98,477
<b>General revenues:</b>			
Property taxes	104,755	-	104,755
Interest	1,647	-	1,647
	<u>106,402</u>	<u>-</u>	<u>106,402</u>
Total general revenues	106,402	-	106,402
Excess of revenues over expenditures/change in net assets	13,034	(5,109)	7,925
Fund balance/net assets - beginning of year	83,513	129,002	212,515
Fund balance/net assets - end of year	<u>\$ 96,547</u>	<u>\$ 123,893</u>	<u>\$ 220,440</u>

See accompanying notes to financial statements. 3

**LAKEVIEW CEMETERY BOARD**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended December 31, 2006**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over/(Under) Budget</u>
<b>Revenues:</b>				
Sale of lots	\$ 10,000	\$ 10,000	\$ 17,600	\$ 7,600
Grave openings	9,000	9,000	11,550	2,550
Property taxes	102,800	102,800	104,755	1,955
Interest	1,000	1,000	1,647	647
	<u>122,800</u>	<u>122,800</u>	<u>135,552</u>	<u>12,752</u>
Total revenues				
<b>Expenditures:</b>				
Wages	62,075	62,075	57,215	(4,860)
Employee health insurance	16,157	16,157	15,706	(451)
Payroll taxes	5,020	5,020	4,571	(449)
Legal and accounting	4,900	4,900	4,519	(381)
Parts and supplies	7,000	7,000	6,099	(901)
Utilities	3,845	3,845	6,800	2,955
Purchased services	7,000	7,000	5,998	(1,002)
Insurance	9,000	9,000	8,271	(729)
Repairs & maintenance	-	-	986	986
Miscellaneous	900	900	316	(584)
Capital outlay - equipment	22,000	22,000	12,037	(9,963)
	<u>137,897</u>	<u>137,897</u>	<u>122,518</u>	<u>(15,379)</u>
Total expenditures				
Excess of revenue over expenditures	(15,097)	(15,097)	13,034	28,131
Fund balance - beginning of year	83,513	83,513	83,513	-
Fund balance - end of year	<u>\$ 68,416</u>	<u>\$ 68,416</u>	<u>\$ 96,547</u>	<u>\$ 28,131</u>

**LAKEVIEW CEMETERY BOARD**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2006**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Lakeview Cemetery Board was incorporated April 28, 1897, under the provisions of Act 411 of Local Acts of Michigan in 1897. The Cemetery operates under a Board form of government and provides for a joint board from the townships of Little Traverse, West Traverse and the City of Harbor Springs in Emmet County.

The Cemetery's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The Cemetery's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The following is a summary of the significant policies used by Lakeview Cemetery:

**Reporting Entity**

The accompanying financial statements have been prepared in accordance with criteria established by Governmental Accounting Standards Board Statement (GASBS) No. 14 (and amended by GASBS No. 39). GASBS 14 states the primary basis for determining whether outside agencies and organizations should be considered component units of the Cemetery and included in the Cemetery's financial statements is financial accountability. Financial accountability has been defined as follows: A primary government has substantive authority to appoint a voting majority of the component unit's board; the primary government is either able to impose its will on a component unit or there is a potential for the component unit to provide specific financial burdens on the primary government; and the component unit is fiscally dependent on the primary government. The Cemetery has no component units.

**Basis of Accounting**

In June 1999, the GASB issued Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. In accordance with Statement No. 34, the Cemetery is considered to be a Special Purpose Government due to engaging in only one governmental type of activity. To conform with the Statement, the Cemetery has included a Management's Discussion and Analysis section.

The government-wide columns (Statement of Net Assets and Statement of Activities) are reported using the economic resources measurement focus and the accrual method of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Program revenues are those directly associated with providing cemetery type services and include sale of lots and grave openings.

Governmental fund columns (Modified Accrual Basis) are reported using the resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. The Cemetery considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred.

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Fund Equity**

Governmental funds report reserved fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for specific purposes. Designations of fund balance represent tentative management plans that are subject to change.

**NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

The Cemetery uses the following procedure in establishing the budgetary data reflected in the financial statements. Prior to the start of each fiscal year, an operating budget is adopted for the General Fund on a basis consistent with generally accepted accounting principles. Reported budgeted amounts are as originally adopted or as amended by the Lakeview Cemetery Board.

**NOTE 3: DEPOSITS**

Michigan Compiled Laws, Section 129.91, authorizes the Cemetery to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The Cemetery is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The Cemetery's deposits and investment policy are in accordance with statutory authority.

**Cash Deposits**

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the cemetery's deposits may not be returned to it. At year-end, the carrying amount of the Cemetery's deposits for governmental activities was \$107,262 and the bank balance was \$99,535. Of the bank balance, all was covered by Federal depository insurance.

**NOTE 4: CAPITAL ASSETS**

Capital assets, which include property, buildings, equipment and infrastructure assets (e.g., roads, fences and similar items), are reported in the government-wide financial statements. Depreciable capital assets are recorded by the Cemetery when the initial individual costs are equal to or greater than \$1,000 and have useful lives greater than a year. All land has been recorded, even though its original cost was less than \$1,000. Any addition or improvement that either enhances a capital asset's efficiency or extends its expected useful life is also capitalized.

Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

# NOTES TO FINANCIAL STATEMENTS – CONTINUED

## NOTE 4: CAPITAL ASSETS – CONTINUED

Buildings, site improvements and equipment are depreciated using the straight-line method over the following useful lives:

Buildings/Improvements	30-40 years
Site Improvements	7-40 years
Equipment	5- 7 years

Capital asset activity for the Cemetery was as follows:

LAKEVIEW CEMETERY BOARD				
Year Ended December 31, 2006				
	Jan. 1, 2006	Additions	Disposals	Dec. 31, 2006
Capital assets not being depreciated:				
Land	\$ 28,111	\$ -	\$ -	\$ 28,111
Capital assets being depreciated:				
Buildings	47,718	-	-	47,718
Site improvements	83,961	-	-	83,961
Equipment	76,978	12,037	-	89,015
Subtotal	208,657	12,037	-	220,694
Less accumulated depreciation:				
Buildings	14,393	1,317	-	15,710
Site improvements	38,740	5,583	-	44,323
Equipment	54,633	10,246	-	64,879
Subtotal	107,766	17,146	-	124,912
Net capital assets being depreciated	100,891	(5,109)	-	95,782
Governmental activities net capital assets	\$ 129,002	\$ (5,109)	\$ -	\$ 123,893

## NOTE 5: PROPERTY TAXES

### Current Revenue

Property taxes attach as an enforceable lien on property as of December 1, and are collected principally in January through March of the following year. The Cemetery receives its property taxes through Little Traverse Township, West Traverse Township and the City of Harbor Springs. The Cemetery is permitted to levy taxes as deemed necessary for general governmental services.

**NOTE 5: PROPERTY TAXES – CONTINUED**

The 2005 State taxable valuation as of December 31, 2005 was \$685,702,349, on which taxes levied consisted of .17 mills for general governmental services.

**Deferred Revenue and Taxes Receivable**

Property taxes attaching as an enforceable lien on property as of December 1, 2006, and collected principally in December, 2006 through March, 2007 have been recorded as deferred revenue since they are not budgeted to fund expenditures until 2007. A receivable has been recorded for the portion of these taxes uncollected at December 31, 2006. The 2006 State taxable valuation was \$730,584,915, on which taxes levied consisted of .15 mills for general governmental services.

**NOTE 6: RISK MANAGEMENT**

The Cemetery is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Cemetery maintains insurance to cover these risks.